Ontario

Ontario Municipal Partnership Fund

2014 Technical Guide

Ministry of Finance

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INTRODUCTION

This guide outlines the grant parameters for the redesigned 2014 Ontario Municipal Partnership Fund (OMPF). It is intended to provide a technical overview of the funding program.

OVERVIEW

The OMPF is the Province's main transfer payment to municipalities. In 2014, the Province will provide a total of $550 million in unconditional funding through the OMPF to 388 municipalities across the province. This funding, combined with the municipal benefit resulting from the provincial uploads, will total over $2 billion in 2014. This is more than three times the level of funding provided in 2004.

OMPF Review

In early 2012, the government announced the review of the OMPF and the phase-down of the program to $500 million by 2016 which was part of the Provincial-Municipal Fiscal and Service Delivery Review agreement with the municipalities.

OMPF Phase-Down Schedule*				
Calendar Year	2013	2014	2015	2016
Total OMPF ($M)	575	550	525	500

*Confirmed in the 2012 and 2013 Ontario Budgets

Since that time, the Ministry of Finance, working jointly with the Ministry of Municipal Affairs and Housing, held a series of consultations with the Association of Municipalities of Ontario (AMO) and municipal representatives.

The 2013 transition year provided the opportunity to further consult with AMO and other municipal representatives on how best to redesign the program to support municipal needs. The input received from municipalities was very valuable, and helped to shape the redesign of the program for 2014.

What's New for 2014

The government is introducing a redesigned OMPF for 2014. The objectives of the 2014 OMPF are to:

- continue to support areas with limited property assessment;
- continue to recognize the challenges of northern and rural municipalities, while targeting funding to those with more challenging fiscal circumstances; and
- assist municipalities as they transition to the redesigned program.

As part of the redesign, the program includes a new grant – the Northern and Rural Fiscal Circumstances Grant. This grant is being introduced in recognition that not all northern and rural municipalities are the same. The differences in the fiscal circumstances of these municipalities will be recognized through this new grant which will provide additional, targeted support based on the northern and rural Municipal Fiscal Circumstances Index (MFCI).

Helping Municipalities Adjust to the Redesigned Program

The redesigned 2014 OMPF also provides a significant amount of Transitional Assistance, which ensures municipalities receive a guaranteed level of support based on their 2013 OMPF allocation. Municipalities in the north will receive at least 90 per cent of their 2013 OMPF allocation, while municipalities in other regions of the province will receive at least 85 per cent.

2014 Minimum Level of Support (Per cent of 2013 OMPF Allocation)	
Northern Ontario	90%
Other Regions	85%

These minimum levels of support will be enhanced, up to 100 per cent, for eligible northern and rural municipalities with more challenging fiscal circumstances, as measured by the MFCI.

Municipal Workbooks and Upload Benefit Report

In order to assist municipalities in better understanding the redesigned program, the Ministry of Finance has developed a customized set of municipal workbooks for each municipality. These include:

1) *2014 Ontario Municipal Partnership Fund Workbook*

2) *2014 Northern and Rural Municipal Fiscal Circumstances Index Workbook*

The workbooks provide municipality-specific details and will be shared electronically with municipal treasurers and clerk-treasurers.

In addition, municipalities will receive a *2014 Upload Benefit Report* which provides a detailed breakdown of their benefit from the provincial uploads. The report will also be shared electronically with municipal treasurers and clerk-treasurers.

PROVINCIAL UPLOADS

The Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) was completed in 2008. This review set out a new approach to the funding and delivery of services in Ontario and represents a significant milestone in the provincial–municipal partnership.

Through the PMFSDR, Ontario's municipal partners, including AMO and the City of Toronto, identified the upload of social assistance benefit program, as well as court security and prisoner transportation costs as their top priority.

In 2014, the Province will continue to deliver on its commitment in accordance with the timetable agreed to through the PMFSDR by:

- continuing the phased upload of Ontario Works (OW) benefits; and
- continuing the phased upload of court security and prisoner transportation costs (up to $125 million annually at maturity).

This builds on the government's previous uploads of:

- Ontario Drug Benefit (ODB) costs in 2008;
- Ontario Disability Support Program (ODSP) administration costs in 2009; and
- ODSP benefits, completed in 2011.

Furthermore, the Province will provide more than $230 million in additional support of municipal OW administration costs.

As a result of the uploads, 339 municipalities will see an estimated benefit of over $1.5 billion in 2014. See Appendix A for more details on the upload benefit.

2014 Upload Benefit to Municipalities

Program	2014
ODB Upload	$210 million
ODSP Administration	$85 million
ODSP Benefits	$784 million
OW Benefits (43% uploaded in 2014)	$196 million
Court Security and Prisoner Transportation (43% uploaded in 2014)	$54 million
OW Administration additional support	$232 million
Total Upload Benefit	**$1.56 billion**

For additional details regarding the PMFSDR report, see www.ontario.ca/provincialmunicipalreview.

These uploads have ensured that more property tax dollars are available for important municipal priorities including investments in infrastructure. It is important to note that in two-tier systems, the removal of these costs off the property tax base benefits all local taxpayers including those residing in lower-tier municipalities.

2014 COMBINED BENEFIT

Since 2009, municipal benefits have been calculated as a combination of both the OMPF and provincial uploads.

In 2014, the Province will provide a combined benefit of over $2 billion to 425 municipalities — more than three times the level of funding provided in 2004. The combined benefit includes:

- OMPF support of $550 million to 388 municipalities; and
- The upload of over $1.5 billion in social assistance benefit program and court security and prisoner transportation costs for 339 municipalities.

2014 Combined Benefit Compared to Prior Years			
	2004	**2013**	**2014**
A. CRF/OMPF	$618 million	$575 million	$550 million
B. Provincial Uploads		$1.4 billion	$1.5 billion
Combined Benefit (A + B)	**$618 million**	**$1.9 billion**	**$2.1 billion**
		Year-over-Year Increase	$167 million
		Increase Since 2004	$1.4 billion

Despite the adjustments to the OMPF, the combined benefit of the provincial uploads and support provided through the OMPF will continue to increase, with the provincial uploads more than offsetting the reduction to the program.

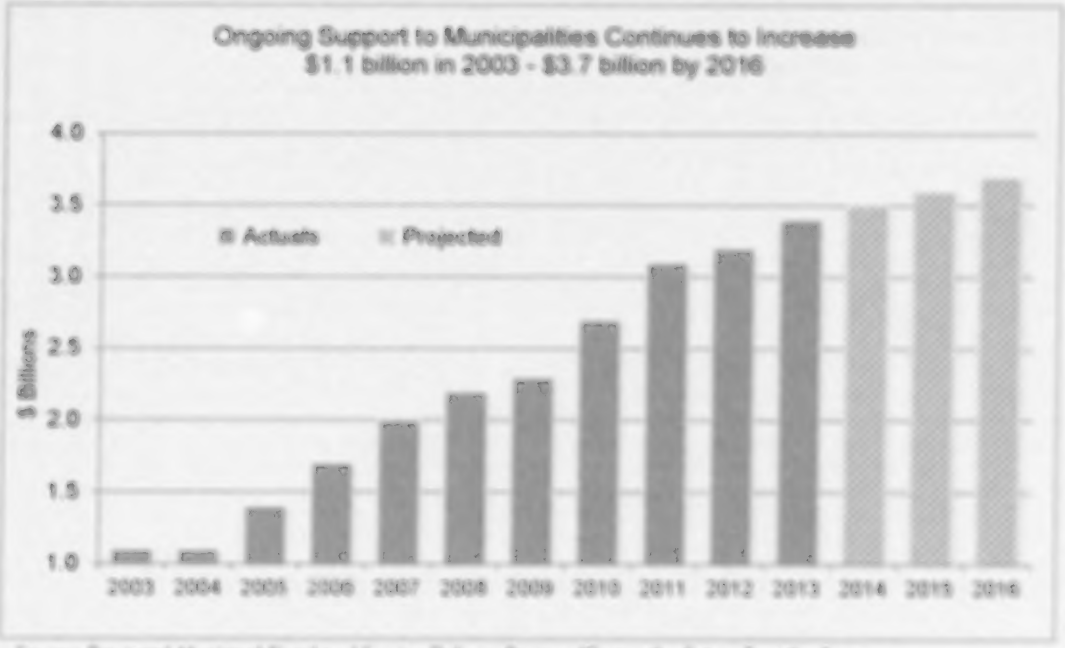
ONGOING SUPPORT TO MUNICIPALITIES

The Province will provide municipalities with ongoing support of approximately $3.5 billion in 2014 — an increase of over 200 per cent from the level provided in 2003.

The total ongoing provincial support, in addition to the combined benefit of OMPF and uploads, includes:

- $478 million in provincial funding to maintain the 50:50 cost-sharing of land ambulance costs, an increase of $253 million compared to 2005;
- increasing the provincial share of public health costs from 50 per cent in 2004 to 75 per cent in 2007, providing municipalities with an additional $306 million in annual provincial funding since 2004; and
- $324 million in provincial gas tax funding in the 2012–13 program year, for a total of $2.6 billion since 2004.

By 2016, the Province will have increased ongoing support to municipalities to $3.7 billion a year — an increase of more than 240 per cent compared to 2003.



Source: Provincial-Municipal Fiscal and Service Delivery Review: "Facing the Future Together" (October 2008); adjusted to reflect the CNW administration funding model announced in 2011, the phase-down of the OMPF confirmed in the 2012 and 2013 Ontario Budgets, the phase-out of Toronto Pooling Compensation and updated projections.

MUNICIPAL INFRASTRUCTURE INVESTMENTS

In addition to this ongoing support, the Province has made significant municipal infrastructure investments since 2003.

For example, in 2012, the Province launched the Municipal Infrastructure Strategy. A cornerstone of the strategy is a requirement for long-term asset management planning by municipalities. As part of the strategy, the Province provided $9 million to help municipalities prepare asset management plans, and nearly $90 million for critical projects through the Municipal Infrastructure Investment Initiative.

Furthermore, the Province is providing $100 million through the Small, Rural & Northern Municipal Infrastructure Fund. This includes funding for critical projects and grants for the smallest municipalities in recognition of their limited resources and capacity. The Province has also consulted with municipalities on the design of the fund and a potential permanent program for consideration in the 2014 Budget.

Overall, since 2003, the Province has provided municipalities with approximately $13 billion in infrastructure funding.

Infrastructure Ontario (IO) also offers affordable, longer-term, fixed-rate loans through the IO Loan Program to support the development of local infrastructure projects around the province.

2014 ONTARIO MUNICIPAL PARTNERSHIP FUND

The 2014 OMPF will provide $550 million through the following four core grants and Transitional Assistance:

I. Assessment Equalization Grant - $149 million

Provides funding to municipalities with limited property assessment.

II. Northern Communities Grant - $79 million

Provides funding to all northern municipalities in recognition of their unique challenges.

III. Rural Communities Grant - $138 million

Provides funding to rural municipalities in recognition of their unique challenges.

IV. Northern and Rural Fiscal Circumstances Grant - $50 million (new for 2014)

Provides additional, targeted funding to northern and rural municipalities based on their individual municipal fiscal circumstances.

V. Transitional Assistance - $134 million

Ensures a guaranteed level of support to municipalities based on their 2013 OMPF allocation.

2014 OMPF GRANTS

1. ASSESSMENT EQUALIZATION GRANT

The Assessment Equalization Grant provides funding to single- and lower-tier municipalities with limited property assessment due to lower property values and limited non-residential assessment.

To determine the grant amount, a total assessment differential (i.e., the total municipal assessment below the median per household threshold of $245,000) is calculated for each municipality. Single- and lower-tier municipalities receive funding based on the total assessment differential.

Every $10,000 increment in a municipality's total assessment differential results in an additional $39.40 in funding.

Example 1.1

Municipality A:

- Total assessment per household: $200,000
- Assessment per household below the $245,000 threshold:
  $245,000 - $200,000 = $45,000
- Number of households: 2,000
- Total assessment differential: $45,000 x 2,000 = $90,000,000

Grant Amount: $90,000,000 / $10,000 x $39.40 = $354,600

[redacted]

The Northern Communities Grant provides funding to all northern municipalities in recognition of the unique challenges they face.

The Grant is based on the number of households and the per-household amount is $[redacted].

[redacted]

Municipality A (Northern)

- Number of households: 1,200

Grant Amount: 1,200 × $[redacted] = $[redacted]

III. RURAL COMMUNITIES GRANT

The Rural Communities Grant provides funding to single- and lower-tier municipalities based on the proportion of their population residing in rural areas or small communities.

Municipalities with a Rural and Small Communities Measure (RSCM) of 75 per cent or more receive the full per-household amount of $135. Municipalities with an RSCM between 25 per cent and 75 per cent receive a portion of this funding on a sliding scale.

See Appendix B for additional information on the RSCM.

Every five percentage point increase in the RSCM between 25 per cent and 75 per cent results in an additional $13.50 per-household:

Rural Communities Grant											
RSCM (%)	25	30	35	40	45	50	55	60	65	70	75+
Per household amount ($)	0.0	13.5	27.0	40.5	54.0	67.5	81.0	94.5	108.0	121.5	135.0

Example 3.1

Municipality A:

- Number of households: 1,200
- RSCM: 80%

Grant Amount: 1,200 x $135 = $162,000

Municipality B:

- Number of households: 2,500
- RSCM: 55%

Grant Amount: 2,500 x $81.00 = $202,500

IV. NORTHERN AND RURAL FISCAL CIRCUMSTANCES GRANT

The Northern and Rural Fiscal Circumstances Grant is a new component of the redesigned 2014 OMPF.

This new grant is provided to municipalities eligible for funding through the Northern Communities and/or Rural Communities Grants, both of which provide a fixed per-household funding amount to northern as well as single- and lower-tier rural municipalities. In addition to these fixed per-household amounts, the new grant provides targeted support in recognition that not all northern and rural municipalities have the same fiscal circumstances.

The Northern and Rural Fiscal Circumstances Grant provides targeted funding to eligible municipalities based on their relative fiscal circumstances, as measured by the northern and rural Municipal Fiscal Circumstances Index (MFCI). The MFCI was developed in close consultation with municipal representatives during the first phase of the OMPF review in 2012.

The northern and rural MFCI is measured on a scale of 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. A northern and rural MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities. See Appendix C for additional information on the northern and rural MFCI.

Northern and Rural Municipalities with an RSCM of 75 per cent or greater

Northern municipalities, as well as single- and lower-tier rural municipalities with an RSCM of 75 per cent or greater, receive funding according to their MFCI. The per-household funding amount is $45. This amount is adjusted according to a municipality's northern and rural MFCI, as outlined in the table below.

Northern and Rural Fiscal Circumstances Grant

Relatively positive circumstances ← $45 → Relatively challenging circumstances

MFCI	0	1	2	3	4	5	6	7	8	9	10
Per-household funding percentage	0%	20%	40%	60%	80%	100%	120%	140%	160%	180%	200%
Per-household amount	$0	$9	$18	$27	$36	$45	$54	$63	$72	$81	$90

Example 4.1

Municipality A (Northern):

- MFCI: 7
- Per-household funding percentage at MFCI 7: 140%
- Per-household amount: $45 x 140% = $63
- Number of households: 1,200

Grant Amount: $63 x 1,200 = $75,600

Rural Municipalities with an RSCM between 25 and 75 per cent

Single- and lower-tier rural municipalities with an RSCM between 25 per cent and 75 per cent receive a portion of the per-household funding according to their RSCM. Additional municipality-specific details are provided in the customized *2014 Northern and Rural MFCI Workbook*.

Example 4.2

Municipality B (Rural)

- MFCI: 4
- RSCM: 65%

Per-Household Funding at MFCI 4					
RSCM	25%	35%	50%	65%	75%+
Per-household amount	$0	$7.2	$18.0	$28.8	$36.0

See Appendix D for more detailed information.

- Adjusted per-household amount at RSCM of 65%: $28.80
- Number of households: 2,500

Grant Amount: $28.80 x 2,500 = $72,000

V. TRANSITIONAL ASSISTANCE

In order to assist municipalities in adjusting to the redesigned program, Transitional Assistance ensures that municipalities receive a guaranteed level of support based on their 2013 OMPF allocation. Specifically, municipalities in the north will receive at least 90 per cent of their 2013 allocation, while municipalities in other regions of the province will receive at least 85 per cent of their 2013 allocation.

These minimum levels of support will be enhanced, up to 100 per cent, for eligible northern and rural municipalities with more challenging fiscal circumstances, as measured by the northern and rural MFCI.

Enhanced 2014 Municipal Funding Level Based on Northern & Rural MFCI

MFCI	0	1	2	3	4	5	6	7	8	9	10
Northern Ontario	90.0%	90.0%	90.0%	91.0%	92.0%	93.0%	94.0%	96.0%	98.0%	100.0%	100.0%
Southern Ontario*	85.0%	85.0%	85.0%	86.0%	88.0%	90.0%	92.5%	95.0%	97.5%	100.0%	100.0%

* *Transitional Assistance will be enhanced for municipalities that are eligible for the Northern and Rural Fiscal Circumstances Grant.*

Example 5.1

Municipality A (Northern):

- 2013 OMPF allocation: $250,000
- 2014 minimum level of support for northern municipality: **90%**
- MFCI: 8
- 2014 enhanced guaranteed level of support for MFCI 8: **98%**
- 2014 guaranteed funding amount: $250,000 x 98% = $245,000
- Sum of 2014 OMPF grants prior to Transitional Assistance: $180,000

Transitional Assistance: $245,000 – $180,000 = $65,000

Example 5.2

Municipality B (Southern Rural):

- 2013 OMPF allocation: $350,000
- 2014 minimum level of support for southern municipality: **85%**
- MFCI: 7
- 2014 enhanced guaranteed level of support for MFCI 7: **95%**
- 2014 guaranteed funding amount: $350,000 x 95% = $332,500
- Sum of 2014 OMPF grants prior to Transitional Assistance: $205,000

Transitional Assistance: $332,500 – $205,000 = $127,500

Example 5.3

Municipality C (Southern Urban):

- 2013 OMPF allocation: $250,000
- 2014 minimum level of support for southern municipality: **85%**
- MFCI: n/a
- 2014 guaranteed funding amount: $250,000 x 85% = $212,500
- Sum of 2014 OMPF grants prior to Transitional Assistance: $125,000

Transitional Assistance: $212,500 – $125,000 = $87,500

OMPF BEYOND 2014

The four grants outlined in this OMPF Technical Guide, as well as Transitional Assistance, will remain the core elements of the redesigned program in future years. The Province will continue to consult with its municipal partners in 2014 as it considers refinements to the program.

IMPLEMENTATION

OMPF allocations are announced annually in time to support the municipal budget planning process, and payments are issued in quarterly installments to municipalities. All OMPF allocations are provided to municipalities as unconditional grants.

The Ministry of Finance calculates municipal allocations based on a defined set of data elements (see Appendix E).

2014 REPORTING OBLIGATIONS

As in previous years, municipalities are required to submit the following to the Ministry of Municipal Affairs and Housing:

- their 2013 Financial Information Returns (FIRs) by June 2, 2014;
- their 2014 tax rate bylaws by September 30, 2014; and
- outstanding 2012 FIRs and/or 2013 tax rate bylaws, if applicable.

Failure to meet these deadlines will result in the withholding of OMPF payments until these documents have been submitted to the Province.

ADDITIONAL INFORMATION

This Technical Guide and other 2014 OMPF supporting materials are posted in English and French on the Ministry of Finance website at:

www.fin.gov.on.ca/en/budget/ompf/2014

www.fin.gov.on.ca/fr/budget/ompf/2014

For additional information regarding 2014 OMPF allocations or for other general inquiries about the program, e-mail your query and contact information to:

info.ompf@ontario.ca

Alternatively, municipalities may also contact their local Municipal Services Office of the Ministry of Municipal Affairs and Housing who can assist in directing their inquiry:

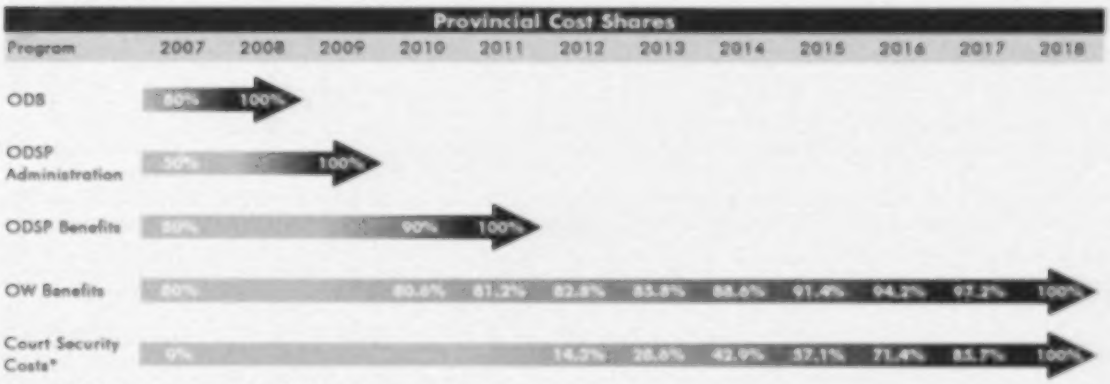
Municipal Services Offices Ministry of Municipal Affairs and Housing	
CENTRAL: 777 Bay Street, 2nd Floor Toronto ON M5G 2E5	General Inquiry: (416) 585-6226 Toll Free: 1-800-668-0230 Fax: (416) 585-6882
WESTERN: 659 Exeter Road, 2nd Floor London ON N6E 1L3	General Inquiry: (519) 873-4020 Toll Free: 1-800-265-4736 Fax: (519) 873-4018
EASTERN: Rockwood House, 8 Estate Lane Kingston ON K7M 9A8	General Inquiry: (613) 545-2100 Toll Free: 1-800-267-9438 Fax: (613) 548-6822
NORTH (THUNDER BAY): 435 James St. S., Suite 223 Thunder Bay ON P7E 6S7	General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 Fax: (705) 564-6863
NORTH (SUDBURY): 159 Cedar Street, Suite 401 Sudbury ON P3E 6A5	General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 Fax: (705) 564-6863

APPENDICES

APPENDIX A: UPLOAD BENEFIT TO MUNICIPALITIES

The Province fully uploaded Ontario Drug Benefit (ODB) Program costs in 2008, Ontario Disability Support Program (ODSP) administration costs in 2009 and ODSP benefits over two years in 2010 and 2011.

In 2014, the Province will continue the phased upload of Ontario Works (OW) benefits and court security and prisoner transportation costs.



*Up to $125 million annually by 2018.

Note: OW administration continues to be cost shared on a 50:50 basis between the Province and municipalities. Beginning in 2011, OW administration costs reflect a revised funding approach which will provide more than $230 million to municipalities in additional support of these costs in 2014.

APPENDIX B: RURAL AND SMALL COMMUNITY MEASURE

The Rural and Small Community Measure (RSCM) represents the proportion of a municipality's population residing in rural areas or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas.

The measure is based on Statistics Canada data and is calculated as follows:

1. Statistics Canada divides municipalities into small geographic areas, typically less than a few hundred residents.
2. These areas are classified by Statistics Canada as rural areas or small communities if they meet one of the following conditions:
   - they have a population density of less than 400 per square kilometre;
   - they have a population density of greater than 400 per square kilometre but cannot be grouped with other adjacent areas (each also with a population density of greater than 400 per square kilometre), to produce a total population concentration greater than 1,000; or
   - they are not economically integrated with a population centre of greater than 10,000 (see below).

Percentage of Area Population Included as a Small Community

OMPF calculations incorporate a minor adjustment to Statistics Canada's classification of "small community". This adjustment provides a transition between the small community and urban centre classification for areas with a population between 10,000 and 12,000 and is made on a sliding scale:

Area population	10,000	10,500	11,000	11,500	12,000
Percentage	100%	75%	50%	25%	0%

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3. The RSCM is determined by calculating the proportion of a municipality's population residing in areas that are classified as either rural or part of a small community.

APPENDIX C: NORTHERN AND RURAL MUNICIPAL FISCAL CIRCUMSTANCES INDEX

The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province. The index was developed in close consultation with municipal representatives during the first phase of the OMPF review in 2012.

The northern and rural MFCI is determined by six indicators. These indicators are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances.

The indicators include:

Primary Indicators

- Weighted Assessment per Household
- Median Household Income

Secondary Indicators

- Average Annual Change in Assessment (New Construction)
- Employment Rate
- Ratio of Working Age to Dependent Population
- Per cent of Population Above Low-Income Threshold

A municipality's northern and rural MFCI is determined through three steps:

1. **Indicator Score** — Each primary and secondary indicator is scored based on its relationship to the median for northern and rural municipalities.
2. **Average Indicator Score** — An average indicator score is calculated based on the average of both the primary and secondary indicators.
3. **Northern and Rural MFCI** — This index reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province, and is based on the relative results of each municipality's average indicator score. The northern and rural MFCI is measured on a scale from 0 to 10.

A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. As a result, an MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

Additional municipality-specific details are provided in the *2014 Northern and Rural MFCI Workbook*.

1. Indicator Score

The indicator score has a range from -100 per cent to +100 per cent and reflects how the value of a municipality's indicator compares to the median for northern and rural municipalities.

Indicator Value Above Median

An indicator value that is above the median will have a positive score, which is reflective of relatively positive fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator data between the median and **highest** value for northern and rural municipalities.

Indicator Value Below Median

An indicator value that is below the median will have a negative score, which is reflective of more challenging fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator data between the median and **lowest** value for northern and rural municipalities.

For example, an indicator score of +25 per cent indicates a data value is one quarter of the distance between the median and highest value, while an indicator score of -25 per cent indicates a data value is one quarter of the distance between the median and lowest value. An indicator score of 0 per cent reflects the median for northern and rural municipalities.

The following table outlines the median, highest and lowest values for each MFCI indicator. Illustrative examples of indicator score calculations are provided on page 28.

MPCI Indicator Parameters			
Primary Indicators	**Lowest**	**Median**	**Highest**
Weighted Assessment per Household	$317,000	$731,000	$923,000
Median Household Income	$79,000	$91,000	$111,000
Secondary Indicators	**Lowest**	**Median**	**Highest**
Average Annual Change in Assessment (Plus Construction)	-1.6%	1.1%	4.0%
Employment Rate	77.0%	93.0%	94.0%
Ratio of Working Age to Dependent Population	1.70:1.0%	1.94:1.0%	3.00:1.0%
Per cent of Population Above Low-Income Threshold	92.0%	97.0%	100.0%

Example 1

Indicator: Median Household Income

Lowest Value	Median Value	Highest Value
$35,000	$41,000	$117,000

Example Municipality: Indicator Data Value = $33,000

A. Difference between Indicator Value and Median: $33,000 – $41,000 = -$8,000

Since the indicator value is below the median for rural and northern municipalities, the difference between the median and the lowest value for northern and rural municipalities is calculated.

B. Difference between Median and Lowest Value: $41,000 – $35,000 = $32,000

C. Indicator Score = A. / B. -$8,000 / $32,000 = -25.0%

Example 2

Indicator: Ratio of Working Age to Dependent Population

Lowest Value	Median Value	Highest Value
120.0%	154.0%	220.0%

Example Municipality: Indicator Data Value = 297.0%

A. Difference between Indicator Value and Median: 297.0% – 154.0% = 43.0%

Since the indicator value is above the median for northern and rural municipalities, the difference between the median and the highest value for northern and rural municipalities is calculated.

B. Difference between Median and Highest Value: 220.0% – 154.0% = 126.0%

C. Indicator Score = A. / B. 43.0% / 126.0% = 33.0%

2. Average Indicator Score

The average indicator score summarizes a municipality's overall results on all six indicators. A municipality's average indicator score is based on both the primary and secondary indicator average, as shown below.

Calculating Average Indicator Score

Average Indicator Score = (Primary Indicator Average + Secondary Indicator Average) / 2

Primary Indicator Average: (A + B) / 2

A. Weighted Assessment per-Household indicator score

B. Median Household Income indicator score

Secondary Indicator Average: (C + D + E + F) / 4

C. Average Annual Change in Assessment (New Construction) indicator score

D. Employment Rate indicator score

E. Ratio of Working Age to Dependent Population indicator score

F. Per cent of Population Above Low-Income Threshold indicator score

Note: A positive average indicator score reflects relatively positive fiscal circumstances, while a negative average indicator score reflects more challenging fiscal circumstances.

Example 3

Average Indicator Score

A. Weighted Assessment per Household indicator score: -9.0%

B. Median Household Income indicator score: -25.0%

Primary Indicator Average: (-9.0% + (- 25.0%)) / 2 = -17.0%

C. Average Annual Change in Assessment (New Construction) indicator score: -85.0%

D. Employment Rate indicator score: 5.0%

E. Ratio of Working Age to Dependent Population indicator score: 50.0%

F. Per cent of Population Above Low-Income Threshold indicator score: -86.0%

Secondary Indicator Average: (-85.0% + 5.0% + 50.0% + (- 86.0%)) / 4 = -29.0%

Average Indicator Score: (-17.0% + (-29.0%)) / 2 = -23.0%

3. Determination of Northern and Rural MFCI

The northern and rural MFCI reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province.

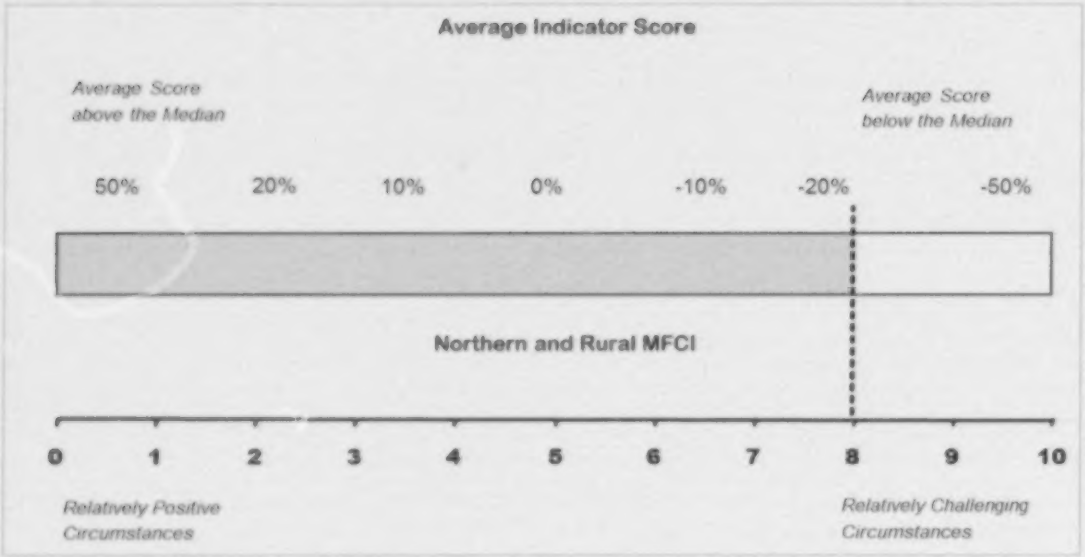
The northern and rural MFCI is measured on a scale of 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. A northern and rural MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

A municipality's MFCI is determined based on the value of the average indicator score. The example below presents how average indicator scores are used to determine a municipality's MFCI.

Example 4

Average Indicator Score: -23.0%

Northern and Rural MFCI: 8.0



APPENDIX D: MFCI/RSCM FUNDING MATRIX

The following table supports the Northern and Rural Fiscal Circumstances Grant calculation for single- and lower-tier rural municipalities with an RSCM between 25 and 75 per cent. The table illustrates the per-household funding amount associated with a range of RSCM and MFCI values.

Summary of MFCI Funding Levels Based on RSCM											
RSCM \ MFCI	0	1	2	3	4	5	6	7	8	9	10
25%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
35%	$0	$1.8	$3.6	$5.4	$7.2	$9.0	$10.8	$12.6	$14.4	$16.2	$18.0
50%	$0	$4.5	$9.0	$13.5	$18.0	$22.5	$27.0	$31.5	$36.0	$40.5	$45.0
65%	$0	$7.2	$14.4	$21.6	$28.8	$36.0	$43.2	$50.4	$57.6	$64.8	$72.0
75%	$0	$9.0	$18.0	$27.0	$36.0	$45.0	$54.0	$63.0	$72.0	$81.0	$90.0

APPENDIX E: DATA SOURCES

Data Elements and Sources		
Data	**Year**	**Source(s)**
OMPF		
Weighted Assessment	2013 returned roll and 2014 starting tax ratios	Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws
PIL Weighted Assessment	2012 or 2011	Municipal FIRs
Number of Households	2013	MPAC Enumeration
Median Household Income	2011	Statistics Canada
Rural and Small Community Measure	2011	Statistics Canada
Per cent of Population Above Low-Income Threshold	2011	Statistics Canada
Ratio of Working Age to Dependent Population	2011	Statistics Canada
Employment Rate	2011	Statistics Canada
Average Annual Change in Assessment (New Construction)	2008–2013	Online Property Tax Analysis System (OPTA)
Provincial Uploads		
Social Assistance Benefit Programs	2014 projections based on 2013 actuals	MCSS/MMAH
Court Security and Prisoner Transportation	2014	MCSCS

Note: For municipality-specific details refer to customized 2014 workbooks developed by the Ministry of Finance.

APPENDIX F: DEFINITIONS

Average Annual Change in Assessment (New Construction)	Measures the five-year (2008 – 2013) average annual change in a municipality's assessment, for example, as a result of new construction, excluding the impact of reassessment.
Average Indicator Score	Summarizes a municipality's overall results on all six indicators, based on both the primary and secondary indicator average.
Combined Benefit	Since 2009, municipal benefits have been calculated as a combination of both the Ontario Municipal Partnership Fund (OMPF) and provincial uploads.
Employment Rate	Statistics Canada's measure of number of employed persons, divided by persons aged 15 and over.
Indicator Score	Reflects the position of a municipality's indicator data value relative to other municipalities, and has a range from -100 per cent to +100 per cent. A positive indicator score is reflective of relatively positive fiscal circumstances, while a negative score is reflective of more challenging fiscal circumstances.
Median Household Income	Statistics Canada's measure of median income for all private households.
2014 OMPF Minimum Guarantee	The 2014 minimum guaranteed level of support based on 2013 OMPF allocations. Municipalities in the north will receive at least 90 per cent of their 2013 OMPF allocation, while municipalities in other regions of the province will receive at least 85 per cent of their 2013 OMPF allocation. These minimum levels of support will be enhanced, up to 100 per cent, for municipalities that are eligible for the Northern and Rural Fiscal Circumstances Grant.
Northern and Rural Municipal Fiscal Circumstances Index (MFCI)	The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other municipalities in the province, and ranges from 0 to 10. A lower northern and rural MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to relatively more challenging fiscal circumstances. An MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

Per cent of Population Above Low-Income Threshold	Reflects the Statistics Canada measure of the population in private households above the low-income threshold for Ontario compared to the total population in private households. The measure is based on after-tax income, and the low-income threshold is based on half the median adjusted household income in 2010.
Primary Indicators	The northern and rural MFCI is determined by six indicators which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The primary indicators are weighted assessment per-household and median household income.
Property Tax Revenue	Represents the municipal property tax revenue as reported in municipal Financial Information Returns (Schedule 10, Line 0299).
Ratio of Working Age to Dependent Population	Statistics Canada's measure of working age population, divided by youth (aged 14 and under) and senior population (aged 65 and over).
Rural and Small Communities Measure (RSCM)	The Rural and Small Community Measure (RSCM) represents the proportion of a municipality's population residing in rural areas or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas. The measure is based on Statistics Canada data from the 2011 Census.
Secondary Indicators	The northern and rural MFCI is determined by six indicators which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The secondary indicators are average annual change in assessment (new construction), employment rate, ratio of working age to dependent population, and per cent of population above low-income threshold.
Upload Benefit	Represents the benefit to municipalities as a result of the Province's agreement to upload social assistance benefit programs and up to $125 million in court security and prisoner transportation costs. The upload benefit reflects costs municipalities no longer incur in 2014. In two-tier systems, the removal of these costs off the property tax base benefits all local taxpayers including those residing in lower-tier municipalities.
Weighted Assessment Per Household	Measures the size of the municipality's tax base. Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.

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